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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MARC SPITZER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

Arizona Corporation Commission

DOCKETED

APR 11 2005

APR 12 2005

AZ Corporation Commission
Director Of Utilities

DOCKETED BY

MR

IN THE MATTER OF QWEST
CORPORATION TARIFF FILING TO
REVISE ITS ACCESS SERVICES PRICE
CAP TARIFF

DOCKET NO. T-01051B-04-0821

DECISION NO. 67752

ORDER

Open Meeting
April 5 and 6, 2005
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On November 15, 2004, Qwest Corporation ("Qwest" or "Company") filed tariff revisions to its Arizona Access Service Price Cap Tariff ("tariff").
2. On January 4, 2005, the Commission, in Decision No. 67459, ordered the tariff filing be suspended until and including April 15, 2005.
3. On January 27, 2005 and again on February 4, 2005, Qwest filed an amendment that revised the tariff pages originally filed by the Company on November 15, 2004:

Arizona Access Service Price Cap Tariff

Section 1, Page 12, Release 3
Section 1, Page 13, Release 2
Section 1, Pages 24-25, Release 3
Section 1, Pages 26-27, Release 2
Section 2, Page 12, Release 2
Section 2, Page 20, Release 2
Section 2, Page 20.1, Release 1
Section 2, Pages 21-23, Release 2
Section 2, Page 23.1, Release 1
Section 2, Pages 24-25, Release 2

Section 2, Pages 28-29, Release 3
Section 2, Pages 61-62, Release 2
Section 2, Page 66, Release 2
Section 2, Page 70, Release 2
Section 6, Page 46, Release 2
Section 6, Page 128, Release 2
Section 15, Index Page 1, Release 2
Section 15, Pages 1-8, Release 2
Section 15, Page 9, Release 1

4. Qwest filed the tariff revisions to its Arizona Access Service Price Tariff to disaggregate signaling costs from switched access charges. The filing establishes new rate elements for Signal Formulation (ISUP¹), Signal Switching (ISUP and TCAP²), and Signal Transport (ISUP and TCAP).

5. The tariff revisions also allow an access customer to self-report a Percent Other Message ("POM") factor for each LATA. The POM applies to Common Channel Signaling Access Capability ("CCSAC") service and is defined as ISUP call set-up requests associated with local, Extended Area Service ("EAS"), intra-major trading area ("MTA") wireless, and the LEC portion of jointly provided access and toll originated by Qwest that terminates on the customer's network. The POM allows the customer to avoid being charged inappropriately for these types of calls. The projected POM, in addition to a projected Percent Interstate Use ("PIU") factor, are used to apportion the ISUP Call Set-up requests as "interstate", "intrastate" and "other" for charging purposes.

6. The proposed intrastate signaling disaggregation is similar to and consistent with what has occurred and is in effect in the interstate jurisdiction.³ Similar tariff provisions are also in effect in the other thirteen states in Qwest's service territory.

...

¹ Integrated Services Digital Network User Part. The call control part of the SS7 protocol. ISUP determines the procedures for setting up, coordinating, and taking down trunk calls on the SS7 network. Newton's Telecom Dictionary, 19th Edition, March 2003.

² Transactional Capabilities Application Part. Provides the signaling function for network databases. A SS7 applications protocol that provides the platform to support non-circuit related, transactional information exchange between network entities. Examples of these services include, but are not limited to, enhanced dial-800 service, automated credit card calling and virtual private networking. Id.

³ See Qwest Corporation Access Service Tariff F.C.C No. 1.

7. The tariff filing would establish new CCSAC Message Charges for:

- | | |
|-------------------------------------|------------|
| 1. Signal Formulation | |
| - ISUP, Per call set-up request | \$0.000829 |
| 2. Signal Transport | |
| - ISUP, Per call set-up request | \$0.000559 |
| - TCAP, Per data request | \$0.000418 |
| 3. Signal Switching | |
| - Per ISUP, Per call set-up request | \$0.001162 |
| - Per TCAP, Per data request | \$0.000460 |

8. Qwest provided information that indicates the proposed CCSAC Message Charge rates are above its costs for the services.⁴

9. The tariff filing also provides for a local switching reduction that applies to all customers using the Qwest switched access network. The Local End Office Switching rate per access minute for Originating usage would decrease from \$0.017300 to \$ 0.016270. The Local End Office Switching rate per access minute for Terminating usage would also decrease from \$0.017300 to \$ 0.016270.

10. Qwest provided information that estimates the proposed new CCSAC Message Charges will produce an increase in its revenue of approximately \$1.0 million and the new Switched Access Rate will decrease its revenues approximately \$1.0 million. Thus, the net effect of this tariff filing is revenue neutral to Qwest.⁵

11. Qwest states that "signaling costs do not vary based on the length of a call".⁶ Thus, customers with calls that exhibit longer holding times may experience more of a benefit from the reduction in Local End Office Switching than customers whose calls exhibit shorter holding times. In general, though the filing is revenue neutral to Qwest, it may not be cost neutral to all of Qwest's access customers. It appears that the access customers who may have higher costs under the new tariff are those who 1) have calls that exhibit shorter than average holding times, 2) may have under-reported their PIU and thus incurred smaller interstate signaling charges, 3) have

⁴ Confidential Attachment to January 26, 2005 letter to Staff.

⁵ There is a *de minimus* reduction in estimated Qwest revenue of less than \$1,000.

⁶ See November 15, 2004 Qwest letter filing the original tariff revision.

1 Qwest perform signaling on their behalf but make no use of Qwest switching for a call or 4)
2 perform signaling hubbing on behalf of other carriers.

3 12. The new signaling message rate structure ensures that customers with longer than
4 average call holding times do not subsidize signaling costs for customers with shorter than average
5 call holding times and that signaling charges more closely reflect the cost of providing the service.
6 It also allows for cost recovery for use of the signaling network where there is no use of the
7 switched access network.

8 13. No carrier has opposed this tariff filing.

9 14. Because the amended tariff pages which were filed on February 4, 2005 do not
10 indicate an effective date, Staff recommends that Qwest be required to file updated tariff pages
11 which indicate an effective date which reflects the date of the Decision for this tariff filing within
12 thirty (30) days of a Commission Decision approving this tariff filing.

13 15. Staff recommends approval of this filing.

14 CONCLUSIONS OF LAW

15 1. Qwest Corporation is an Arizona public service corporation within the meaning of
16 Article XV, Section 2, of the Arizona Constitution.

17 2. The Commission has jurisdiction over Qwest Corporation and over the subject matter
18 of the Application.

19 3. The Commission, having reviewed the tariff pages (copies of which are contained in
20 the Commission's tariff files) concludes the tariff is reasonable, fair and equitable, and is therefore
21 in the public interest.

22 4. Approval of the filing will not result in an increase in rates as contemplated by
23 A.R.S. Section 40-250.

24 ORDER

25 IT IS THEREFORE ORDERED that the tariff filing pages listed in Finding of Fact No. 3
26 be and hereby are approved.


27 ...

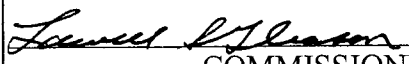

28 ...

IT IS FURTHER ORDERED that Qwest shall docket updated tariff pages which indicate an effective date which reflects the date of the Decision for the tariff filing within thirty (30) days of this Decision.

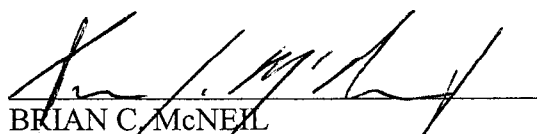
IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

 CHAIRMAN
 COMMISSIONER
 COMMISSIONER

 COMMISSIONER
 COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 11th day of April, 2005.


BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

DISSENT: _____

EGJ:RLB:lhmm\MAS

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